

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 000990

SIPDIS

E.O. 12958: DECL: 03/10/2016

TAGS: [PREL](#) [PGOV](#) [SENV](#) [KWBG](#) [IS](#) [GOI](#) [INTERNAL](#) [ELECTIONS](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#)

SUBJECT: BAR-ON DISCUSSES POLITICAL SCENE, COOPERATION ON
WATER AND GAS WITH THE PA

Classified By: Ambassador Richard H. Jones for reasons 1.4 (b) and (d)

1. (C) Summary: National Infrastructures Minister Ronnie Bar-On told the Ambassador on March 9 that Likud and Labor officials are attacking Kadima because they do not have a political vision of their own. He characterized Binyamin Netanyahu as unelectable, and said that Amir Peretz is a "non-issue" and does not have the necessary experience to run a government. Bar-On claimed that Kadima's top ten candidates have more experience in both the Knesset and the government than Likud and Labor combined. Moreover, the party has a vision to fight terror, and has stated the three pre-conditions necessary for a Hamas-led Palestinian Authority (PA) government to gain Israel's recognition. He also said that Israel under Kadima enjoys stronger than ever support from the U.S. and the international community because other countries, particularly Arab states, now see it as a bulwark against radical Islamic groups gaining power in other countries. On GOI plans to manage its cooperation with a Hamas-led government on issues such as water and sewage, Bar-On said that Israel would not cut off electricity and water to Palestinians, and would continue regular maintenance on grids and water/sewage pipelines. He added, however, that Israel would not be willing to put Israeli maintenance workers in danger if a pipeline is attacked. He also said that the GOI remains interested in buying gas from the Palestinian Authority (PA) and British Gas (BG), despite the fact that this may conceivably benefit a Hamas-led government. He explained that Israel cannot "be stuck with one supplier," and that the GOI would "check where the money goes," so it does not fall into Hamas hands. The Ambassador told Bar-On that Post has been following reports about stalled negotiations between the Yam Thetys Group (YTG, a U.S.-Israeli joint venture) and the Israel Electric Corporation (IEC) for the sale of additional YTG gas to IEC until Egyptian gas comes online in 2007. The Ambassador informed Bar-On that he has written a letter to the chairman and chief executive officer of IEC to indicate Embassy support for the deal, and presented a copy of the letter to Bar-On. Bar-On thanked the Ambassador for the letter, and said he has not yet taken a position on this matter. The Ambassador asked about other reports that an association of independent power producers has proposed changes to Israel's Natural Gas Law that would unfairly restrict YTG's ability to sell at market prices. Gabby Levy, the Infrastructure Ministry's director of international relations, responded that the ministry has not taken a decision on this either, but would inform the Ambassador when it has. End summary.

Likud and Labor Attack Kadima
Because They Have No Vision...

2. (C) National Infrastructures Minister Ronnie Bar-On told the Ambassador on March 9 that the Likud and Labor parties are attacking Kadima with "nonsense" because they do not have a political agenda or a political vision of their own. He said that "everyone knows we're running the next government," so Likud and Labor officials are concentrating their efforts to lower Kadima's numbers as much as possible before the elections on March 28. He claimed that Binyamin Netanyahu is unelectable, and that Amir Peretz is a "non-issue." He explained that Peretz's only experience is running the Histadrut labor union, and that over the past ten years Peretz led over 600 strikes, which cost the Israeli economy NIS 260 billion and none of which benefited the poor.

3. (C) Bar-On continued that Likud is living in a "fantasy of power." He described Likud officials as believing that even more force deployed against Palestinians can resolve the conflict, and contended that there are some in Likud who believe Israel should go back into the Gaza Strip and the northern West Bank. He said that Labor, on the other hand, is living in a "fantasy that everything will be OK." He commented that Peretz will go to Palestinian Authority (PA) President Mahmud Abbas and "hug him," but said that Kadima knows Abbas is not willing to confront Hamas. He added that Labor is divided into two groups: those who follow Peretz, meaning that they accept the Geneva Plan, a division of Jerusalem, and right of return, and those who are against Peretz, such as former Housing Minister Yitzhak Herzog.

...But Kadima Has Experience

14. (C) In contrast to Likud and Labor, Bar-On asserted that Kadima has more experience in both the Knesset and the government than the two parties combined. He said Alternate Prime Minister Ehud Olmert, as mayor of Jerusalem, was responsible for 700,000 people, the second biggest budget of any Israeli city, and the complicated problems of Arabs and the ultra-orthodox. He compared Jerusalem to a mini-state to showcase Olmert's experience. Bar-On also said that Kadima has a vision to fight terror, has issued the three pre-conditions necessary for a Hamas-led PA government to be acceptable, and enjoys the support of the U.S. and the international community. He remarked that Kadima officials recognize that the "international situation (for Israel) is the best of all times" because all countries, and particularly Arab states, understand that the phenomenon of radical Islamic groups taking over the government could spread to their countries as well. Bar-On commented that Israel is now in a transitional period because the PA is a Hamas authority, but the international community is still waiting for a Hamas government to be assembled. He said that when the time comes, Israel will stop all payments to the PA. The Ambassador said that the USG is also taking the position that the PA should receive no funds. He explained, however, that the USG, unlike the GOI, differentiates between the legislative and the executive branches of the PA. Bar-On and the Ambassador agreed that humanitarian assistance to the Palestinian people should also continue but not be channeled through the PA.

15. (C) Bar-On said that ultimately Israel needs a government that has both stability and the ability to govern. He explained that in the 58 years since the establishment of the Israeli State, there have been 31 governments instead of the 14 there "should have been," assuming that governments would have completed their four-year terms. He remarked that in his own ministry, there have been 16 ministers in ten years. He commented that the quick turnaround makes it difficult for ministers to run their ministries because they need 3-6 months to learn the job before they can start long-term planning, and by the time they have plans in mind to execute, they are "kicked out." Bar-On noted that a government also has to have the ability to govern, and it does so by building coalitions with other parties. He said that the problem, however, is when coalition partners break up into smaller factions, and noted that the 16th Knesset ended with what he said were over 20 factions. He cited Shinui and the Likud rebels as examples of internal party break-ups, and claimed that Kadima just wants to form a "nicely portioned (coalition)" with a single other party with "no internal problems."

Cooperating on Water and Energy
With a Hamas-led Government

16. (C) The Ambassador asked how the GOI plans to manage its cooperation with a Hamas-led government on important issues such as water and sewage. Bar-On responded that Israel would not cut off electricity or water for Palestinians, and would continue to do regular maintenance on its grids and pipelines. He said, however, that the GOI is not willing to put Israeli maintenance workers in danger if a pipeline is attacked.

17. (C) The Ambassador asked about press reports that the GOI is still interested in purchasing gas from the PA and British Gas (BG), despite the fact that this may benefit Hamas. Bar-On confirmed that Israel remains ready to buy Gaza gas because it cannot "be stuck with one supplier." He explained that Israel currently purchases gas from the Yam Thetys Group (YTG is a joint U.S.-Israeli venture), but that this gas will run out in ten years. He remarked that the GOI has Egyptian gas coming to Israel in 2007, but claimed without elaborating that Egypt is "playing games with private buyers." To try to establish more energy security, Israel is willing to buy gas from the PA-BG, and will simply "check where the money goes" to avoid benefiting Hamas, according to Bar-On. He mentioned that this deal will also benefit ordinary Palestinians. He explained that the gas would only come onshore in Ashkelon, and that Israel would be willing to build a pipeline from Ashkelon to Gaza to transfer the gas. (Note: Bar-On was implying that the only way for the PA to have access to its own gas would be to sell it to Israel via a pipeline to Ashkelon, and for the GOI to build a pipeline from Ashkelon to the Gaza Strip. This is not entirely correct, however. BG officials have told econoff in the past that if the PA-BG decide to sell the gas to Egypt instead of Israel, BG could build a pipeline from the Gaza Marine field to al-Arish, Egypt, and overland from al-Arish to Gaza. End note.)

18. (C) Bar-On commented that the GOI is also interested in building pipelines for oil and gas from Ashkelon to Eilat, and that it hopes to implement the Red-Dead Sea canal

project, part of which would involve supply of desalinated water to Jordan. He explained the Red-Dead project is being supported by the World Bank, which has recruited donors to undertake a \$15 million feasibility study. The Ambassador noted that U.S. experts should be involved in the feasibility study, and Gabby Levy, the ministry's director of international relations, replied that the U.S. had donated money to the World Bank to undertake the study.

Yam Thetys-Israel Electric Corporation

19. (C) The Ambassador told Bar-On that Post has been following reports about stalled negotiations between YTG and the Israel Electric Corporation (IEC) for the sale of additional gas to IEC until the Egyptian gas comes online in 2007. (Note: Officials from Noble Gas and Delek, the U.S. and Israeli partners that comprise YTG, respectively, recently told the Ambassador that they have seen and heard reports that the Ministry of National Infrastructure is pressuring IEC not to buy additional gas from YTG. End note.) The Ambassador informed Bar-On that he has written a letter to the chairman and chief executive officer of IEC to indicate the Embassy's support for the YTG-IEC deal, and presented a copy of the letter to Bar-On. The Ambassador noted that YTG has invested \$500 million in Israel to date, has had a close relationship with IEC for several years, and is offering IEC the gas at prices lower than in the U.S. and EU, and cheaper than alternate fuels. Bar-On thanked the Ambassador for the letter, and said he has not yet taken a position on this matter. The Ambassador asked about other reports that an association of independent power producers (IPPs) has proposed changes to Israel's Natural Gas Law to force natural gas suppliers to sell to the state-run Israel Natural Gas Lines (INGL) at a fixed price. (Note: This would create a gas monopsony, which would benefit the IPPs at YTG's expense. End note.) Levy responded that the ministry has not taken a decision on this either, but would inform the Ambassador when it has.

Travel Warning From a Friend?

10. (C) Bar-On questioned the need for a travel warning, and asserted that the latest USG version is a problem "coming from our friend," the U.S., and particularly during the summer months. The Ambassador responded that the USG added five lines to the travel warning to Israel because crime has taken place in several popular places, including Herzliyya Pituach where many U.S. diplomats and other American citizens live. He explained that the Embassy has warned its employees of crime dangers and under the "no-double standard" policy in place since the Pan Am 103 bombing, much warn all U.S. citizens.

Visit Embassy Tel Aviv's Classified Website:
<http://www.state.sgov.gov/p/nea/telaviv>

You can also access this site through the State Department's
Classified SIPRNET website.

JONES